

Kentucky Power Company

REQUEST

Refer to the Company's response to AG 1-185. Please provide a copy or citation to each Kentucky Commission and FERC order and the relevant pages of those orders relied on to defer the RTO start-up costs. If none, then please so state.

RESPONSE

The AEP East Operating Companies, including Kentucky Power Company, began deferring their RTO start-up costs and related carrying charges in Account 186, Miscellaneous Deferred Debits, in 2001 based on the FERC's approval of requests to defer similar RTO start-up costs from other public utilities, e.g. Duke Energy Corp., 94 FERC ¶ 61,080 (2001); Letter Order of the Chief Accountant to Bangor Hydro-Elec. Co. Docket No. AC01-43-000 (May 11, 2001); Letter Order of the Chief Accountant to Florida Power & Light Co., Docket No. AC01-23-000 (March 8, 2001); and Letter Order of the Director of the Division of Regulatory Accounting Policy to Northeast Utilities, Docket No. AC02-6-000 (March 14, 2002).

On July 2, 2003, the FERC approved AEP's request to defer its Alliance RTO start-up and PJM integration costs and related carrying charges until AEP fully integrated into PJM as shown on page 1 of Attachment 1 to this Response. On April 4, 2005, the FERC approved AEP's request to transfer its deferred RTO start-up and PJM integration costs, inclusive of related carrying charges, to Account 182.3, Other Regulatory Assets, and to begin amortizing the regulatory assets on January 1, 2005 as shown on page 11 of 12 of this Response.

WITNESS – Dennis Bethel

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION
104 FERC ¶ 61,013

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell.

American Electric Power Service Corporation

Docket No. AC03-20-000

ORDER GRANTING, IN PART, AND DISMISSING, IN PART, REQUEST TO
DEFER RTO START-UP AND INTEGRATION COSTS

(Issued July 2, 2003)

1. On January 28, 2003, American Electric Power Service Corporation filed a request, on behalf of American Electric Power Company's public utility operating companies operating in its east transmission pricing zone (AEP East Companies)¹ (jointly, AEP), seeking approval to defer Alliance RTO start-up and PJM Interconnection LLC (PJM) integration costs until the costs can be recovered in retail rates (January 28 Request). We grant AEP's request to defer its Alliance RTO start-up and PJM integration costs and related carrying charges until AEP fully integrates into PJM. However, we dismiss as premature AEP's request for authorization to record these costs as a regulatory asset.

Background

2. On June 3, 1999, AEP and other companies filed a joint application proposing to form the Alliance Regional Transmission Organization (Alliance RTO).² The Alliance RTO was intended to act as a regional transmission organization for the AEP East Companies.

¹AEP East Companies are Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Ohio Power Company, Wheeling Power Company, and Kingsport Power Company.

²In EC99-80-000, on June 3, 1999, Consumers Energy Company, Detroit Edison Company, FirstEnergy Corp., and Virginia Electric and Power Company requested approval to form the Alliance RTO.

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3. While the Commission had conditionally approved the development of the Alliance RTO,³ in an order issued on December 20, 2001, the Commission concluded the Alliance RTO "lacks sufficient scope to exist as a stand-alone RTO."⁴ The Commission ordered the companies to pursue alternative RTO membership. The AEP East Companies have sought to join PJM.

4. On January 28, 2003, AEP filed its request for approval of its accounting for the Alliance RTO start-up and PJM integration costs.

AEP's Request

5. In its January 28 Request, AEP sought the following authorizations: 1) to defer all Alliance RTO start-up and PJM integration costs and related carrying charges in Account 186, Miscellaneous Deferred Debits; 2) to transfer the deferred Alliance RTO and PJM start-up/integration costs and deferred carrying charges from Account 186 to Account 182.3, Other Regulatory Assets, when the AEP East Companies fully integrate into PJM; 3) to maintain this regulatory asset treatment until the AEP East Companies can seek recovery of such deferred costs from all users of their transmission systems, including retail customers; 4) to continue the accrual of carrying charges on these regulatory assets after the AEP East Companies are integrated into PJM and until recovery begins; and 5) to follow the same accounting for AEP's west operating companies⁵ when they join a RTO.

6. AEP states it will incur approximately \$26 million in RTO development costs by the time the AEP East Companies integrate into PJM. Of these costs \$11 million were incurred for the development of the Alliance RTO, \$3 million were incurred towards the integration into PJM, and an additional \$12 million are expected to be incurred to integrate into PJM.

7. AEP states the \$11 million of Alliance RTO-related costs include labor and related expenses, consulting fees, and legal costs incurred from 1996 through 1999 to

³Alliance Companies, et al., 89 FERC ¶ 61,298 (1999), order on reh'g, 91 FERC ¶ 61,152 (2000).

⁴Alliance Companies, et al., 97 FERC ¶ 61,327 (2001).

⁵The AEP west operating companies include AEP Texas Central Company, AEP Texas North Company, Public Service Company of Oklahoma, and Southwestern Electric Power Company.

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develop AEP's position and proposals for consideration by Midwest ISO as well as work performed by AEP jointly with other companies to develop the recommended structure and processes for Midwest ISO. AEP further claims that the costs also include payments totaling \$6.5 million made to third parties from 1999 through 2002 for AEP's share of the costs to form, start-up, and fund on-going obligations of "BridgeCo" (the Alliance Participants' RTO administrative and startup organization).⁶ AEP also adds \$1.3 million of costs to modify AEP's systems to meet RTO requirements and to develop the structure and processes for the Alliance RTO including its management, governance, tariffs, operations and market development.

8. AEP states the PJM integration costs include all costs related to the development and implementation of the infrastructure required to integrate the New PJM Companies⁷ into PJM. These costs include attorney fees, consultants, independent contractors, AEP and PJM labor and related expenses, and carrying charges necessary to complete AEP's integration into PJM. AEP claims deferred costs through December 31, 2002 consist principally of payments totaling \$2.8 million made to PJM for its expenditures to integrate AEP into PJM. AEP states that the remaining \$0.7 million of costs were incurred directly by AEP for computer system modifications and development, infrastructure upgrades, legal document preparation, regulatory review, and planning activities necessary to integrate with PJM. AEP adds that future costs of integrating AEP into PJM will be similar in nature to the costs that have been incurred through December 31, 2002.

Notice of Filing, Interventions, and Protests

9. Notice of the filing was published in the Federal Register, 68 Fed. Reg. 12,055 (2003), with protests or interventions due on or before April 2, 2003. Timely interventions and protests were filed by the Virginia State Corporation Commission (VSCC), Coalition of Municipal and Cooperative Users of New PJM Transmission Companies, Coalition of Large Commercial and Industrial End Users of Electricity, Oklahoma Corporation Commission (Oklahoma), and Public Service Commission of the

⁶The purpose of BridgeCo was to facilitate the implementation of certain infrastructure and start-up activities necessary for the formation of the Alliance RTO including the ability to enter into and administer binding contracts with third-party vendors for the provision of information technology and system integration services required to begin the operations of the Alliance RTO.

⁷The New PJM Companies include AEP, Commonwealth Edison Company, Dayton Power and Light Company, and Dominion Virginia Power.

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Commonwealth of Kentucky (PSCKY). On April 10, 2003, the Public Utilities Commission of Ohio (PUCO) filed a motion to intervene out of time.

10. VSCC claims that all of AEP's Alliance RTO-related costs have not been proven to be prudently incurred and eligible for rate recovery. VSCC also states that AEP had an opportunity to seek rate recovery for start-up costs in a rate case to be effective January 1, 2001, but chose not to, and will have another opportunity effective as early as 2004. VSCC states that in Appalachian Power Company's (APCO) opportunity to adjust their non-generation rates, effective in 2004, APCO will be allowed to adjust rates for all prudently incurred costs, including RTO expenses, from the effective date of the revised rates through July 2007. For these reasons VSCC states that no deferral of costs should be allowed.

11. PUCO states that trapped costs are not an issue with utilities in Ohio because the transmission component of retail rates will be based on tariff rates determined by the Commission. PUCO thus contends that, since AEP can recover its costs, it eliminates the need for the deferral. PUCO states the deferral will allow AEP to charge higher transmission rates in the future because of the continuing carrying charges.

12. The Coalition of Municipal and Cooperative Users of New PJM Transmission Companies are concerned that any authorization for AEP's requested accounting treatment given by the Commission may diminish interested parties' rights to challenge the recovery of deferred RTO costs through rates. Specifically it asks the Commission to confirm that any authorization (1) will not change any utility's obligation to show that recovery of RTO-related costs in rates is just and reasonable, and (2) will not prejudice the rights of interested parties to challenge the recovery of the costs in rates.

13. Coalition of Large Commercial and Industrial End Users of Electricity contends that AEP is asking the Commission to infringe on state jurisdiction by asking the Commission for authorizations related to bundled retail rates. It also claims that AEP fails to satisfy the standards for a regulatory asset by not showing that the costs cannot be recovered within the parameters of current retail rates and that it is probable that the costs will be recovered in future periods.

14. Oklahoma objects to AEP requesting the same accounting treatment for AEP's west operating companies. Oklahoma contends that AEP's request attempts to bypass state jurisdiction over bundled retail rates and that AEP has not demonstrated that its costs were prudently incurred. Oklahoma also mentions it allows for rate cases to be filed should a utility have a cost recovery need that is outside the scope of the utility's current approved rates and AEP is expected to have a rate case in the spring of 2003.

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15. PSCKY states that state regulatory bodies are the appropriate agencies to determine whether certain costs are recoverable in current retail rates and, if not, whether it is probable that they can be recovered in future retail rates.

Answer to Protests and Revised Requests

16. On April 17, 2003, AEP submitted an answer to the protests. AEP states its filing does not need to demonstrate that costs are prudently incurred because this docket is seeking accounting treatment not rate recovery of costs; therefore, questions regarding prudence and other rate issues are not currently relevant. AEP also states that the requested authorization does not ask the Commission to intrude upon state authority over retail rates. AEP states that, if the requested authority is not granted, it will be denied the opportunity to seek the recovery of the costs at the retail level.

17. AEP points to the protesters' use of a Midwest ISO order⁸ to support the protesters' arguments. AEP states that the protesters have taken quotations from these orders out of context. Particularly, AEP refers to the quotation that "rate issues related to bundled retail loads may be taken up with appropriate state commissions." AEP uses another Midwest ISO order⁹ to demonstrate the Commission's willingness to address the trapped costs issue. In this order the Commission states:

In recognition of the parties' concerns that they may be unable to collect ISO Cost Adder charges, we will permit those parties, at their discretion, to make a filing with the Commission clearly demonstrating and supporting that such costs are, indeed, currently unrecoverable. At the appropriate time, any interested persons may file in opposition to such a filing. However, if a party can demonstrate that such costs are unrecoverable, the Commission will permit it to book such costs as a regulatory asset under the Commission's Uniform System of Accounts and record them in Account No. 182.3, Other Regulatory Assets.

AEP states it is "contemplating a future rate filing which will demonstrate and support both the costs it has incurred and their recoverability or lack thereof." AEP also claims the costs are appropriate for deferral and Commission policy favors their recovery

⁸Midwest Independent System Operator, Inc, 102 FERC ¶ 61,192 (2003) (Remand Order).

⁹Midwest Independent System Operator, Inc., 102 FERC ¶ 61,279 (2003).

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because they are one-time or short-term costs incurred in furtherance of Commission policy.

18. AEP states that, contrary to PUCO's comments, rates are frozen in Ohio. AEP points out that in Ohio's restructuring law, any increase in the transmission component of retail rates must be accompanied by a corresponding decrease in the distribution component. According to AEP this means that the total transmission/distribution rate remains unchanged. AEP also believes that it will not work to seek rate recovery from several different states at different times because "the Commission has always required service access across the AEP system to be provided at a single rate."

19. AEP states that it is currently seeking, in Docket No. ER03-262-000, to have \$13.6 of its \$15 million PJM integration costs collected by PJM through the PJM OATT, once the AEP East Companies are integrated into PJM. AEP explains that if the Commission approves the requested method of recovery in the PJM OATT, AEP will reverse the \$13.6 million, the amount reimbursed by PJM, out of the regulatory asset account. However, if the recovery method approved by the Commission allocates most or all of the PJM integration costs to AEP, AEP will seek to defer the costs as a regulatory asset until rate freezes end. Additionally, AEP states that it intends to seek recovery of any remaining unrecovered RTO formation costs in a future proceeding under Section 205. AEP also withdraws its request for deferral and regulatory asset treatment for its west operating companies.

20. On May 2, 2003, PSCKY filed an answer to AEP's answer. In this filing, PSCKY requests that AEP's contingent request for regulatory asset treatment in the event the Commission does not allow recovery of RTO costs in the manner AEP proposes in Docket No. ER03-262-000, should be rejected.

21. PSCKY also states that AEP's assertions that seeking determinations from each state is unworkable is disingenuous. PSCKY points out that, contrary to AEP's statement, the Commission has never required AEP to provide bundled retail services at the same rates across its system. Rather the Commission's requirement that AEP provide service at a single rate across its system applies to unbundled interstate transmission service.

Discussion

22. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedures, 18 C.F.R. § 385.214 (2002), the notices of intervention and timely, unopposed motions to intervene serve to make VSCC, Coalition of Municipal and Cooperative Users of New

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PJM Transmission Companies, Coalition of Large Commercial and Industrial End Users of Electricity, Oklahoma, and PSCKY parties to this proceeding. We will grant PUCO's motion to intervene out of time given its interest in this proceeding, the early stage of the proceeding and the absence of any undue prejudice or delay.

23. The creation and development of new business organizations to implement and carry out new business processes and methods of operation almost always require significant costs to be incurred prior to the date the organization is expected to provide any commercial benefits. In a similar vein, integrating geographically large and operationally complex segments of an electric transmission grid under the operational control of a single entity also requires significant costs to be incurred in advance of the date that integration is complete and commercial benefits are forthcoming. Both of these situations are present here.

24. In instances in which costs are incurred in periods different from the expected benefit period, the costs should be assigned to the periods in which the related benefits are expected to be realized.¹⁰ This is accomplished by recording the costs initially as an asset or deferred charge and then amortizing the cost to expense over the expected benefit period.

25. AEP's request to defer its PJM integration costs in Account 186 complies with this principle and will be granted, provided that amortization of the deferred costs to expense begins on the date that the AEP East Companies integrate their transmission assets into PJM. This integration date represents the date at which commercial benefits will begin to be realized from the AEP East Companies' membership in PJM. This treatment is consistent with what we have required for RTO start up-costs in other cases.¹¹

26. The Alliance RTO start-up costs are something of an anomaly because little if any direct benefit will result from the incurrence of these costs. These costs essentially represent sunk costs in an unsuccessful effort to create an organization that would promote desired changes in the industry. The AEP East Companies argue, and we concur, that the Alliance start-up costs are appropriately charged to Account 186. Since

¹⁰Generally referred to as the matching principle. See generally PJM Interconnection, L.L.C., 93 FERC ¶ 61,056 at 61,125 & n.11 (2000) (PJM); Financial Accounting Standards Board Statement of Financial Accounting Concepts No. 6 at paragraphs 144-49.

¹¹E.g., Duke Energy Corporation, et al., 94 FERC ¶ 61,080 at 61,368-69 (2001) (Duke Energy).

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the Alliance RTO effort has been abandoned a determination must be made as to what accounting recognition should now be afforded these costs. Upon consideration of the facts in this case we see little reason to treat the Alliance RTO start-up costs any differently than the PJM integration costs. Therefore, we will permit the AEP East Companies to defer the Alliance RTO start-up costs in Account 186, but AEP must begin to amortize the costs to expense on the date the AEP East Companies' transmission assets are integrated into PJM.¹²

27. We also will authorize the AEP East Companies to accrue carrying charges on both the Alliance RTO start-up and PJM integration costs. This is consistent with what we have permitted in other RTO cases.¹³

28. However, AEP's request that we authorize recognition of a regulatory asset for the Alliance RTO start-up and PJM integration costs is premature. As AEP points out, in Docket No. ER03-262-000, it has proposed a method of recovery for a significant portion of these costs. Thus, depending upon the outcome of that proceeding, it may not be necessary to reach the issue of whether any of these amounts should be recorded in Account 182.3.

29. In response to concerns about recovery of the costs in rates and burden of proof, we specifically note that our determinations here are for accounting purposes only. The determinations do not effect the burden of proof in any presently pending or future rate proceeding and all parties can challenge rate recovery of the costs in those proceedings.¹⁴

30. We disagree with comments that Commission action here would be an infringement on state jurisdiction. As previously noted, our action here addresses the appropriate accounting for the Alliance RTO start-up and PJM integration costs by the AEP East Companies. The AEP East Companies are public utilities subject to the

¹²See *id.* Both the Alliance RTO start-up and PJM integration costs should be amortized to expense on a straight line basis over a period reasonably expected to benefit from the costs incurred. When recovery of the costs in rates has been explicitly addressed, the amortization period for accounting and rate purposes should be synchronized.

¹³*Duke Energy*, 94 FERC at 61,369; *PJM*, 93 FERC at 61,124-25.

¹⁴See, e.g., *System Energy Resources, Inc.*, Opinion No. 375, 60 FERC ¶ 61,131 at 61,481 n.8 (1992); *Indiana & Michigan Power Distributors Association, et al.*, Opinion No. 373, 59 FERC ¶ 61,260 at 61,959-60 & nn. 55-56 (1992).

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Commission's accounting authority under Section 301 of the Federal Power Act.¹⁵ Thus our determination of the appropriate accounting that must be followed by the AEP East Companies are well within our statutory authority in taking the actions we are taking here.

31. Finally we note that AEP has withdrawn its request that the same proposed accounting for the AEP East Companies be applied to the AEP west operating companies.

The Commission orders:

(A) AEP's request to defer its Alliance RTO start-up and PJM integration costs and related carrying charges until AEP fully integrates into PJM is hereby conditionally granted, as discussed in the body of this order.

(B) AEP's request to allow recognition of a regulatory asset by transferring deferred costs in Account 186 to Account 182.3 upon AEP's integration into PJM is hereby dismissed as premature, as discussed in the body of this order.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.

¹⁵16 U.S.C. §§ 824, 825 (2000); see, e.g., Kansas Gas and Electric Co., 43 FERC ¶ 61,248 at 61,675 (1988); Arkansas Power & Light Co., 41 FERC ¶ 61,034 at 61,084-85 (1987).

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

In Reply Refer To:
OMTR-CA
Docket No. AC04-101-000
4/4/05

American Electric Power Service Corporation
Attention: Leonard V. Assante
Vice President Regulatory Accounting Services
1 Riverside Plaza
Columbus, Ohio 43215-2373

Thank you for your August 27, 2004 letter, on behalf of certain of American Electric Power Company, Inc.'s public utility electric operating companies (AEP), asking us to approve your request to transfer regional transmission organization (RTO) start-up and integration costs, inclusive of related carrying charges, from Account 186, Miscellaneous Deferred Debits, to Account 182.3, Other Regulatory Assets.¹ You also request authorization to amortize a portion of the regulatory assets on a straight-line basis over a period of 15 years beginning January 1, 2005, and to defer a carrying charge in Account 182.3 on the unamortized balance of the regulatory assets until the deferred costs are fully amortized.

Your proposed accounting is approved. This approval is for accounting purposes only and is not determinative for ratemaking purposes.²

¹ AEP's operating companies subject to this request include Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company.

² If rate recovery of all or part of the deferred costs is later disallowed, the disallowed costs should be charged to Account 426.5, Other Deductions, at the time of the disallowance.

This letter order constitutes final agency action. To request that the Commission rehear your case, you must file a request within 30 days of the date of this letter order (see 18 C.F.R. § 385.713).

Sincerely,

James K. Guest
Chief Accountant

Kentucky Power Company

REQUEST

Please provide the average daily balance of short term debt outstanding by type of debt (Money Pool, bank loans, intercompany loans other than the Money Pool) for each month June 2004 through the most recent month for which actual amounts are available. In addition, please provide the average cost of short term debt by type of debt outstanding for each month.

RESPONSE

Please see that attached documents which reflect Kentucky Power Company's short-term borrowings which are made at the American Electric Power Company Money Pool exclusively.

WITNESS – Errol K. Wagner

Kentucky Power Company
 Daily Short-term Borrowings Outstanding
 June 2004 through November 2005

Date	Daily Rate	Annual Rate	KPco Consolidated Balance	KPco Consolidated Calculated Interest
6/1/2004	0.00003695%	1.33%	(\$2,211,924.05)	(\$81.73)
6/3/2004	0.00003882%	1.40%	(\$3,031,254.02)	(\$117.66)
6/4/2004	0.00003882%	1.40%	(\$2,654,240.30)	(\$103.03)
6/5/2004	0.00003882%	1.40%	(\$2,654,343.33)	(\$103.03)
6/6/2004	0.00003882%	1.40%	(\$2,654,446.36)	(\$103.04)
6/7/2004	0.00003978%	1.43%	(\$4,379,881.56)	(\$174.25)
6/8/2004	0.00003978%	1.43%	(\$3,546,638.84)	(\$141.10)
6/9/2004	0.00004042%	1.46%	(\$3,555,270.74)	(\$143.71)
6/10/2004	0.00004043%	1.46%	(\$9,401,680.90)	(\$380.11)
6/11/2004	0.00004065%	1.46%	(\$9,231,277.25)	(\$375.23)
6/12/2004	0.00004065%	1.46%	(\$9,231,652.48)	(\$375.24)
6/13/2004	0.00004065%	1.46%	(\$9,232,027.72)	(\$375.26)
6/14/2004	0.00004065%	1.46%	(\$12,140,395.19)	(\$493.48)
6/15/2004	0.00004065%	1.46%	(\$8,143,708.98)	(\$331.02)
6/16/2004	0.00004086%	1.47%	(\$6,169,541.79)	(\$252.09)
6/17/2004	0.00004086%	1.47%	(\$5,562,640.35)	(\$227.28)
6/18/2004	0.00004087%	1.47%	(\$4,203,573.60)	(\$171.80)
6/19/2004	0.00004087%	1.47%	(\$4,203,745.40)	(\$171.81)
6/20/2004	0.00004087%	1.47%	(\$4,203,917.21)	(\$171.81)
6/21/2004	0.00004090%	1.47%	(\$6,995,035.49)	(\$286.11)
6/22/2004	0.00004094%	1.47%	(\$7,383,212.72)	(\$302.25)
6/23/2004	0.00004846%	1.74%	(\$562,021.46)	(\$27.24)
6/24/2004	0.00004846%	1.74%	(\$113,580.97)	(\$5.50)
7/7/2004	0.00005229%	1.88%	(\$5,408,739.94)	(\$282.85)
7/8/2004	0.00003285%	1.18%	(\$4,499,346.62)	(\$147.82)
7/9/2004	0.00003286%	1.18%	(\$3,980,865.96)	(\$130.81)
7/10/2004	0.00003286%	1.18%	(\$3,980,996.77)	(\$130.81)
7/11/2004	0.00003286%	1.18%	(\$3,981,127.58)	(\$130.82)
7/12/2004	0.00005338%	1.92%	(\$3,994,021.00)	(\$213.21)
7/13/2004	0.00005338%	1.92%	(\$9,828,871.31)	(\$524.70)
7/14/2004	0.00005362%	1.93%	(\$9,115,054.01)	(\$488.77)
7/15/2004	0.00000165%	0.06%	(\$7,358,599.25)	(\$12.16)
7/16/2004	0.00003408%	1.23%	(\$6,982,076.27)	(\$237.96)
7/17/2004	0.00003408%	1.23%	(\$6,982,314.23)	(\$237.96)
7/18/2004	0.00003408%	1.23%	(\$6,982,552.19)	(\$237.97)
7/19/2004	0.00003460%	1.25%	(\$5,055,843.30)	(\$174.94)
7/20/2004	0.00003315%	1.19%	(\$8,885,933.18)	(\$294.61)
4/15/2005	0.00008194%	2.95%	(\$3,385,887.55)	(\$277.46)
4/16/2005	0.00008194%	2.95%	(\$3,386,165.01)	(\$277.47)
4/17/2005	0.00008194%	2.95%	(\$3,386,442.48)	(\$277.50)
4/18/2005	0.00008389%	3.02%	(\$501,294.56)	(\$42.05)
4/19/2005	0.00008500%	3.06%	(\$875,715.96)	(\$74.44)
7/8/2005	0.00009472%	3.41%	(\$4,413,062.40)	(\$418.01)
7/9/2005	0.00009472%	3.41%	(\$4,413,480.41)	(\$418.06)
7/10/2005	0.00009472%	3.41%	(\$4,413,898.47)	(\$418.09)
7/11/2005	0.00009472%	3.41%	(\$4,177,094.71)	(\$395.66)
7/12/2005	0.00009333%	3.36%	(\$4,771,384.59)	(\$445.33)

Kentucky Power Company
Daily Short-term Borrowings Outstanding
June 2004 through November 2005

Date	Daily Rate	Annual Rate	KPco Consolidated Balance	KPco Consolidated Calculated Interest
7/13/2005	0.00009556%	3.44%	(\$1,893,893.49)	(\$180.97)
7/14/2005	0.00009611%	3.46%	(\$1,076,842.06)	(\$103.50)
7/15/2005	0.00009583%	3.45%	(\$4,863,307.40)	(\$466.06)
7/16/2005	0.00009583%	3.45%	(\$4,863,773.46)	(\$466.12)
7/17/2005	0.00009583%	3.45%	(\$4,864,239.58)	(\$466.16)
7/19/2005	0.00009806%	3.53%	(\$3,667,202.56)	(\$359.60)
7/20/2005	0.00009806%	3.53%	(\$4,967,815.27)	(\$487.11)
7/21/2005	0.00009806%	3.53%	(\$62,987.89)	(\$6.17)
7/22/2005	0.00009639%	3.47%	(\$893,800.13)	(\$86.15)
7/23/2005	0.00009639%	3.47%	(\$893,886.28)	(\$86.16)
7/24/2005	0.00009639%	3.47%	(\$893,972.44)	(\$86.16)
7/25/2005	0.00009778%	3.52%	(\$2,522,190.54)	(\$246.62)
7/26/2005	0.00009972%	3.59%	(\$1,730,222.21)	(\$172.54)
7/27/2005	0.00009944%	3.58%	(\$572,263.16)	(\$56.91)
7/28/2005	0.00009944%	3.58%	(\$86,575.77)	(\$8.61)
8/8/2005	0.00010000%	3.60%	(\$3,990,244.59)	(\$399.03)
8/9/2005	0.00009972%	3.59%	(\$6,465,569.62)	(\$644.76)
8/10/2005	0.00010000%	3.60%	(\$4,731,804.04)	(\$473.18)
8/11/2005	0.00010167%	3.66%	(\$8,342,482.50)	(\$848.15)
8/12/2005	0.00010083%	3.63%	(\$2,767,595.80)	(\$279.06)
8/13/2005	0.00010083%	3.63%	(\$2,767,874.86)	(\$279.09)
8/14/2005	0.00010083%	3.63%	(\$2,768,153.95)	(\$279.13)
8/15/2005	0.00009972%	3.59%	(\$2,770,808.10)	(\$276.31)
8/16/2005	0.00010139%	3.65%	(\$1,251,983.32)	(\$126.93)
8/17/2005	0.00010056%	3.62%	(\$561,901.93)	(\$56.50)
8/18/2005	0.00010194%	3.67%	(\$1,492,930.99)	(\$152.20)
8/19/2005	0.00010083%	3.63%	(\$5,346,311.30)	(\$539.09)
8/20/2005	0.00010083%	3.63%	(\$5,346,850.39)	(\$539.14)
8/21/2005	0.00010083%	3.63%	(\$5,347,389.53)	(\$539.19)
8/22/2005	0.00010028%	3.61%	(\$2,091,713.97)	(\$209.75)
8/23/2005	0.00010389%	3.74%	(\$2,368,778.47)	(\$246.09)
8/24/2005	0.00010389%	3.74%	(\$3,673,129.15)	(\$381.60)
8/25/2005	0.00010417%	3.75%	(\$3,937,757.44)	(\$410.18)
9/13/2005	0.00010611%	3.82%	(\$844,273.21)	(\$89.59)
9/14/2005	0.00010694%	3.85%	(\$386,535.22)	(\$41.33)
9/15/2005	0.00010639%	3.83%	(\$4,032,216.23)	(\$428.98)
10/13/2005	0.00010861%	3.91%	(\$1,126,084.26)	(\$122.31)
10/20/2005	0.00010384%	3.74%	(\$1,516,275.46)	(\$157.44)
11/17/2005	0.00007446%	2.68%	(\$4,890,962.44)	(\$364.17)

Kentucky Power Company
Average Cost of Short-term Borrowings per Month
June 2004 through November 2005

Average Cost of Debt per Month	
<u>June-04</u>	0.1225%
<u>July-04</u>	0.1105%
<u>August-04</u>	0.0000%
<u>September-04</u>	0.0000%
<u>October-04</u>	0.0000%
<u>November-04</u>	0.0000%
<u>December-04</u>	0.0000%
<u>January-05</u>	0.0000%
<u>February-05</u>	0.0000%
<u>March-05</u>	0.0000%
<u>April-05</u>	0.2488%
<u>May-05</u>	0.0000%
<u>June-05</u>	0.0000%
<u>July-05</u>	0.2897%
<u>August-05</u>	0.3037%
<u>September-05</u>	0.3194%
<u>October-05</u>	0.3187%
<u>November-05</u>	0.2234%

Kentucky Power Company

REQUEST

Please provide the month end capitalization amounts outstanding by type, including current maturities of long-term debt, for the months June 2004 through the most recent month for which actual amounts are available.

RESPONSE

Please see the attached document.

WITNESS – Errol K. Wagner

Kentucky Power Company
 Cost of Capital
 Monthly - June 2004 through November 2005

	<u>30-Nov-05</u>		<u>31-Oct-05</u>		<u>30-Sep-05</u>		<u>31-Aug-05</u>		<u>31-Jul-05</u>		<u>30-Jun-05</u>	
Long-term Debt including current maturities	486,672,555	56.8%	486,664,701	56.9%	486,656,847	56.7%	487,731,830	57.0%	487,723,697	57.2%	487,716,122	57.4%
Short-term debt	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Accounts Receivable Financing (1)	31,991,826	3.7%	27,738,154	3.2%	32,801,501	3.8%	32,412,680	3.8%	30,147,375	3.5%	29,914,372	3.5%
Common Equity	338,346,388	39.5%	340,671,049	39.8%	338,189,844	39.4%	335,623,657	39.2%	334,543,663	39.2%	331,354,481	39.0%
Total (2)	<u>857,010,770</u>	100.0%	<u>855,073,904</u>	100.0%	<u>857,648,192</u>	100.0%	<u>855,768,167</u>	100.0%	<u>852,414,735</u>	100.0%	<u>848,984,975</u>	100.0%

	<u>31-May-05</u>		<u>30-Apr-05</u>		<u>31-Mar-05</u>		<u>28-Feb-05</u>		<u>31-Jan-05</u>		<u>31-Dec-04</u>	
Long-term Debt including current maturities	487,390,681	57.5%	487,382,827	57.6%	507,374,973	58.5%	508,326,010	58.7%	508,318,156	58.5%	508,310,302	58.9%
Short-term debt	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Accounts Receivable Financing (1)	28,713,741	3.4%	29,712,036	3.5%	31,453,086	3.6%	30,636,920	3.5%	35,353,606	4.1%	34,176,464	4.0%
Common Equity	331,277,380	39.1%	329,043,279	38.9%	328,238,137	37.9%	327,168,142	37.8%	325,624,631	37.5%	320,980,310	37.2%
Total (2)	<u>847,381,803</u>	100.0%	<u>846,138,142</u>	100.0%	<u>867,066,196</u>	100.0%	<u>866,131,072</u>	100.0%	<u>869,296,393</u>	100.0%	<u>863,467,076</u>	100.0%

	<u>30-Nov-04</u>		<u>31-Oct-04</u>		<u>30-Sep-04</u>		<u>31-Aug-04</u>		<u>31-Jul-04</u>		<u>30-Jun-04</u>	
Long-term Debt including current maturities	508,608,360	59.3%	508,600,506	59.5%	508,592,652	59.3%	507,856,410	59.3%	507,848,556	59.6%	507,840,702	59.8%
Short-term debt	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Accounts Receivable Financing (1)	27,820,273	3.2%	26,577,863	3.1%	27,990,398	3.3%	26,594,113	3.1%	28,908,287	3.4%	28,057,847	3.3%
Common Equity	317,806,677	37.1%	319,544,254	37.4%	321,971,603	37.5%	322,455,438	37.7%	323,348,223	37.9%	319,354,682	37.6%
Total (2)	<u>854,235,310</u>	99.7%	<u>854,722,623</u>	100.0%	<u>858,554,652</u>	100.1%	<u>856,905,961</u>	100.1%	<u>860,105,066</u>	100.9%	<u>855,253,231</u>	100.7%

(1) Net of Allowance Account

(2) Data is from General Ledger Financials based on GAAP Accounting standards.

Kentucky Power Company

REQUEST

Please provide the monthly short term investments outstanding by type of investment (Money Pool, intercompany receivables other than through the Money Pool, etc.) for the months June 2004 through the most recent month for which actual amounts are available. In addition, please provide the average return on short term investments by type of investment outstanding for each month.

RESPONSE

Please see that attached documents which reflect Kentucky Power Company's investments, which are made in the American Electric Power Company Money Pool exclusively.

WITNESS – Errol K. Wagner

Kentucky Power Company
 Daily Short-term Investing Balances Outstanding
 June 2004 through November 2005

Date	Daily Rate	Annual Rate	KPco Consolidated Balance	KPco Consolidated Calculated Interest
6/2/2004	0.00003717%	1.34%	\$2,342,082.85	\$87.04
6/25/2004	0.00004856%	1.75%	\$1,182,822.82	\$57.43
6/26/2004	0.00004856%	1.75%	\$1,182,880.25	\$57.44
6/27/2004	0.00004856%	1.75%	\$1,182,937.69	\$57.44
6/28/2004	0.00004856%	1.75%	\$1,223,598.95	\$59.41
6/29/2004	0.00004899%	1.76%	\$3,365,559.06	\$164.89
6/30/2004	0.00005061%	1.82%	\$3,521,646.92	\$178.23
7/1/2004	0.00005125%	1.85%	\$1,178,364.53	\$60.40
7/2/2004	0.00005125%	1.85%	\$2,008,470.48	\$102.94
7/3/2004	0.00005125%	1.85%	\$2,008,573.42	\$102.95
7/4/2004	0.00005125%	1.85%	\$2,008,676.37	\$102.96
7/5/2004	0.00005125%	1.85%	\$2,008,779.33	\$102.97
7/6/2004	0.00005189%	1.87%	\$558,989.46	\$29.00
7/21/2004	0.00003336%	1.20%	\$1,614,624.10	\$53.87
7/22/2004	0.00003304%	1.19%	\$6,085,203.18	\$201.03
7/23/2004	0.00003290%	1.18%	\$5,904,510.83	\$194.26
7/24/2004	0.00003290%	1.18%	\$5,904,705.09	\$194.26
7/25/2004	0.00003290%	1.18%	\$5,904,899.35	\$194.26
7/26/2004	0.00003419%	1.23%	\$5,112,274.95	\$174.78
7/27/2004	0.00003396%	1.22%	\$5,540,032.63	\$188.15
7/28/2004	0.00003380%	1.22%	\$7,799,407.08	\$263.59
7/29/2004	0.00003408%	1.23%	\$10,131,442.53	\$345.28
7/30/2004	0.00003518%	1.27%	\$10,010,259.49	\$352.19
7/31/2004	0.00003518%	1.27%	\$10,010,611.68	\$352.21
8/1/2004	0.00003518%	1.27%	\$10,010,963.89	\$352.23
8/2/2004	0.00003333%	1.20%	\$10,356,556.56	\$345.16
8/3/2004	0.00003419%	1.23%	\$13,927,999.13	\$476.23
8/4/2004	0.00003377%	1.22%	\$11,309,894.01	\$381.99
8/5/2004	0.00003468%	1.25%	\$12,279,332.10	\$425.85
8/6/2004	0.00003410%	1.23%	\$12,134,047.08	\$413.75
8/7/2004	0.00003410%	1.23%	\$12,134,460.83	\$413.76
8/8/2004	0.00003410%	1.23%	\$12,134,874.59	\$413.78
8/9/2004	0.00003428%	1.23%	\$6,080,682.67	\$208.46
8/10/2004	0.00003499%	1.26%	\$6,941,658.61	\$242.90
8/11/2004	0.00003582%	1.29%	\$8,934,928.29	\$320.02
8/12/2004	0.00003605%	1.30%	\$10,338,969.75	\$372.70
8/13/2004	0.00003638%	1.31%	\$11,903,101.09	\$433.03
8/14/2004	0.00003638%	1.31%	\$11,903,534.12	\$433.05
8/15/2004	0.00003638%	1.31%	\$11,903,967.17	\$433.06
8/16/2004	0.00003729%	1.34%	\$13,042,471.89	\$486.35
8/17/2004	0.00003724%	1.34%	\$13,214,761.21	\$492.06
8/18/2004	0.00003660%	1.32%	\$11,460,463.55	\$419.47
8/19/2004	0.00003704%	1.33%	\$8,783,455.16	\$325.32
8/20/2004	0.00003776%	1.36%	\$9,947,443.29	\$375.63

Kentucky Power Company
Daily Short-term Investing Balances Outstanding
June 2004 through November 2005

Date	Daily Rate	Annual Rate	KPco Consolidated Balance	KPco Consolidated Calculated Interest
8/21/2004	0.00003776%	1.36%	\$9,947,818.92	\$375.65
8/22/2004	0.00003776%	1.36%	\$9,948,194.57	\$375.66
8/23/2004	0.00003796%	1.37%	\$18,858,297.73	\$715.89
8/24/2004	0.00003839%	1.38%	\$19,869,603.49	\$762.88
8/25/2004	0.00003842%	1.38%	\$19,120,255.49	\$734.65
8/26/2004	0.00003850%	1.39%	\$20,657,883.89	\$795.40
8/27/2004	0.00003861%	1.39%	\$21,948,373.50	\$847.42
8/28/2004	0.00003861%	1.39%	\$21,949,220.92	\$847.44
8/29/2004	0.00003861%	1.39%	\$21,950,068.36	\$847.49
8/30/2004	0.00003887%	1.40%	\$23,066,014.11	\$896.68
8/31/2004	0.00003920%	1.41%	\$23,521,069.52	\$922.05
9/1/2004	0.00003948%	1.42%	\$24,128,832.61	\$952.68
9/2/2004	0.00003938%	1.42%	\$27,983,086.15	\$1,102.03
9/3/2004	0.00003950%	1.42%	\$25,512,154.55	\$1,007.76
9/4/2004	0.00003950%	1.42%	\$25,513,162.31	\$1,007.81
9/5/2004	0.00003950%	1.42%	\$25,514,170.12	\$1,007.85
9/6/2004	0.00003950%	1.42%	\$25,515,177.97	\$1,007.89
9/7/2004	0.00003983%	1.43%	\$24,338,062.77	\$969.46
9/8/2004	0.00003958%	1.43%	\$24,624,319.44	\$974.73
9/9/2004	0.00003964%	1.43%	\$25,897,023.16	\$1,026.64
9/10/2004	0.00003965%	1.43%	\$20,466,174.49	\$811.51
9/11/2004	0.00003965%	1.43%	\$20,466,986.00	\$811.55
9/12/2004	0.00003965%	1.43%	\$20,467,797.55	\$811.58
9/13/2004	0.00003962%	1.43%	\$18,813,992.27	\$745.40
9/14/2004	0.00003969%	1.43%	\$20,813,360.11	\$826.06
9/15/2004	0.00004027%	1.45%	\$18,613,254.60	\$749.59
9/16/2004	0.00004042%	1.46%	\$22,158,332.79	\$895.74
9/17/2004	0.00004052%	1.46%	\$22,848,383.44	\$925.82
9/18/2004	0.00004052%	1.46%	\$22,849,309.26	\$925.85
9/19/2004	0.00004052%	1.46%	\$22,850,235.11	\$925.90
9/20/2004	0.00004102%	1.48%	\$21,536,462.87	\$883.44
9/21/2004	0.00004203%	1.51%	\$21,330,782.66	\$896.54
9/22/2004	0.00004243%	1.53%	\$20,993,945.81	\$890.72
9/23/2004	0.00004297%	1.55%	\$32,072,042.82	\$1,378.04
9/24/2004	0.00004325%	1.56%	\$32,340,171.33	\$1,398.71
9/25/2004	0.00004325%	1.56%	\$32,341,570.04	\$1,398.77
9/26/2004	0.00004325%	1.56%	\$32,342,968.81	\$1,398.84
9/27/2004	0.00004345%	1.56%	\$34,711,653.81	\$1,508.07
9/28/2004	0.00004336%	1.56%	\$36,562,540.24	\$1,585.31
9/29/2004	0.00004343%	1.56%	\$38,241,541.77	\$1,660.82
9/30/2004	0.00004451%	1.60%	\$37,778,800.32	\$1,681.47
10/1/2004	0.00004433%	1.60%	\$35,335,150.34	\$1,566.29
10/2/2004	0.00004433%	1.60%	\$35,336,716.63	\$1,566.36
10/3/2004	0.00004433%	1.60%	\$35,338,282.99	\$1,566.43

Kentucky Power Company
 Daily Short-term Investing Balances Outstanding
 June 2004 through November 2005

Date	Daily Rate	Annual Rate	KPco Consolidated Balance	KPco Consolidated Calculated Interest
10/4/2004	0.00004407%	1.59%	\$36,616,434.68	\$1,613.79
10/5/2004	0.00004382%	1.58%	\$35,910,314.13	\$1,573.68
10/6/2004	0.00004389%	1.58%	\$35,598,529.77	\$1,562.36
10/7/2004	0.00004399%	1.58%	\$34,944,933.57	\$1,537.13
10/8/2004	0.00004410%	1.59%	\$29,817,440.67	\$1,314.86
10/9/2004	0.00004410%	1.59%	\$29,818,755.53	\$1,314.92
10/10/2004	0.00004410%	1.59%	\$29,820,070.45	\$1,314.97
10/11/2004	0.00004410%	1.59%	\$29,821,385.42	\$1,315.02
10/12/2004	0.00004438%	1.60%	\$28,835,160.61	\$1,279.57
10/13/2004	0.00004467%	1.61%	\$31,449,416.85	\$1,404.94
10/14/2004	0.00004508%	1.62%	\$30,357,441.50	\$1,368.59
10/15/2004	0.00004651%	1.67%	\$30,879,429.13	\$1,436.25
10/16/2004	0.00004651%	1.67%	\$30,880,865.38	\$1,436.32
10/17/2004	0.00004651%	1.67%	\$30,882,301.70	\$1,436.38
10/18/2004	0.00004598%	1.66%	\$30,890,555.10	\$1,420.44
10/19/2004	0.00004596%	1.65%	\$29,132,194.91	\$1,338.84
10/20/2004	0.00004615%	1.66%	\$27,742,785.91	\$1,280.33
10/21/2004	0.00004635%	1.67%	\$35,925,707.78	\$1,665.10
10/22/2004	0.00004682%	1.69%	\$36,385,933.35	\$1,703.66
10/23/2004	0.00004682%	1.69%	\$36,387,637.01	\$1,703.74
10/24/2004	0.00004682%	1.69%	\$36,389,340.75	\$1,703.82
10/25/2004	0.00004708%	1.69%	\$37,108,465.01	\$1,747.09
10/26/2004	0.00004706%	1.69%	\$37,534,787.94	\$1,766.36
10/27/2004	0.00004718%	1.70%	\$38,386,466.32	\$1,811.26
10/28/2004	0.00004764%	1.72%	\$38,493,333.21	\$1,833.85
10/29/2004	0.00004857%	1.75%	\$38,015,342.50	\$1,846.29
10/30/2004	0.00004857%	1.75%	\$38,017,188.79	\$1,846.38
10/31/2004	0.00004857%	1.75%	\$38,019,035.17	\$1,846.47
11/1/2004	0.00004843%	1.74%	\$38,740,546.06	\$1,876.12
11/2/2004	0.00004765%	1.72%	\$41,501,230.34	\$1,977.44
11/3/2004	0.00004743%	1.71%	\$39,129,025.93	\$1,856.03
11/4/2004	0.00004797%	1.73%	\$39,427,454.25	\$1,891.53
11/5/2004	0.00004832%	1.74%	\$36,859,442.21	\$1,780.89
11/6/2004	0.00004832%	1.74%	\$36,861,223.10	\$1,780.98
11/7/2004	0.00004832%	1.74%	\$36,863,004.08	\$1,781.06
11/8/2004	0.00004933%	1.78%	\$29,794,812.87	\$1,469.63
11/9/2004	0.00004930%	1.78%	\$24,522,438.22	\$1,209.07
11/10/2004	0.00005139%	1.85%	\$25,622,513.45	\$1,316.73
11/11/2004	0.00005139%	1.85%	\$25,623,830.18	\$1,316.80
11/12/2004	0.00005317%	1.91%	\$25,622,512.53	\$1,362.45
11/13/2004	0.00005317%	1.91%	\$25,623,874.98	\$1,362.52
11/14/2004	0.00005317%	1.91%	\$25,625,237.50	\$1,362.60
11/15/2004	0.00005478%	1.97%	\$17,665,892.95	\$967.74
11/16/2004	0.00005358%	1.93%	\$16,392,780.00	\$878.26

Kentucky Power Company
 Daily Short-term Investing Balances Outstanding
 June 2004 through November 2005

Date	Daily Rate	Annual Rate	KPco Consolidated Balance	KPco Consolidated Calculated Interest
11/17/2004	0.00005448%	1.96%	\$15,333,756.22	\$835.39
11/18/2004	0.00005331%	1.92%	\$15,018,314.72	\$800.68
11/19/2004	0.00005289%	1.90%	\$16,298,254.94	\$862.01
11/20/2004	0.00005289%	1.90%	\$16,299,116.95	\$862.04
11/21/2004	0.00005289%	1.90%	\$16,299,978.99	\$862.10
11/22/2004	0.00005349%	1.93%	\$15,598,455.97	\$834.31
11/23/2004	0.00005393%	1.94%	\$15,704,042.07	\$846.85
11/24/2004	0.00005403%	1.95%	\$16,938,604.74	\$915.25
11/25/2004	0.00005403%	1.95%	\$16,939,519.99	\$915.29
11/26/2004	0.00005454%	1.96%	\$15,961,289.07	\$870.52
11/27/2004	0.00005454%	1.96%	\$15,962,159.59	\$870.57
11/28/2004	0.00005454%	1.96%	\$15,963,030.16	\$870.62
11/29/2004	0.00005412%	1.95%	\$16,837,632.84	\$911.26
11/30/2004	0.00005421%	1.95%	\$17,484,838.75	\$947.80
12/1/2004	0.00005457%	1.96%	\$16,508,312.78	\$900.91
12/2/2004	0.00005450%	1.96%	\$17,184,759.72	\$936.58
12/3/2004	0.00005398%	1.94%	\$19,365,732.84	\$1,045.35
12/4/2004	0.00005398%	1.94%	\$19,366,778.19	\$1,045.41
12/5/2004	0.00005398%	1.94%	\$19,367,823.60	\$1,045.46
12/6/2004	0.00005420%	1.95%	\$16,902,636.94	\$916.15
12/7/2004	0.00005498%	1.98%	\$17,773,622.99	\$977.23
12/8/2004	0.00005513%	1.98%	\$12,769,587.42	\$703.94
12/9/2004	0.00005593%	2.01%	\$11,669,486.17	\$652.72
12/10/2004	0.00005659%	2.04%	\$10,905,922.47	\$617.11
12/11/2004	0.00005659%	2.04%	\$10,906,539.58	\$617.15
12/12/2004	0.00005659%	2.04%	\$10,907,156.73	\$617.19
12/13/2004	0.00005856%	2.11%	\$11,123,326.79	\$651.34
12/14/2004	0.00006034%	2.17%	\$12,778,486.09	\$771.04
12/15/2004	0.00006220%	2.24%	\$12,531,111.70	\$779.47
12/16/2004	0.00006154%	2.22%	\$13,736,198.64	\$845.33
12/17/2004	0.00006135%	2.21%	\$11,765,438.95	\$721.78
12/18/2004	0.00006135%	2.21%	\$11,766,160.73	\$721.82
12/19/2004	0.00006135%	2.21%	\$11,766,882.55	\$721.87
12/20/2004	0.00006007%	2.16%	\$11,751,156.70	\$705.84
12/21/2004	0.00006072%	2.19%	\$12,990,354.04	\$788.82
12/22/2004	0.00006072%	2.19%	\$14,200,511.52	\$862.31
12/23/2004	0.00006072%	2.19%	\$13,610,139.48	\$826.46
12/24/2004	0.00006029%	2.17%	\$13,394,917.20	\$807.57
12/25/2004	0.00006029%	2.17%	\$13,395,724.77	\$807.62
12/26/2004	0.00006029%	2.17%	\$13,396,532.39	\$807.67
12/27/2004	0.00006067%	2.18%	\$13,149,529.78	\$797.81
12/28/2004	0.00006205%	2.23%	\$14,026,759.86	\$870.31
12/29/2004	0.00006203%	2.23%	\$15,989,901.21	\$991.86
12/30/2004	0.00006178%	2.22%	\$16,853,859.99	\$1,041.30

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Date	Daily Rate	Annual Rate	KPco Consolidated Balance	KPco Consolidated Calculated Interest
12/31/2004	0.00006189%	2.23%	\$16,126,733.17	\$998.16
1/1/2005	0.00006189%	2.23%	\$16,127,731.33	\$998.22
1/2/2005	0.00006189%	2.23%	\$16,128,729.55	\$998.28
1/3/2005	0.00006168%	2.22%	\$15,378,703.89	\$948.55
1/4/2005	0.00005331%	1.92%	\$20,229,080.00	\$1,078.43
1/5/2005	0.00005036%	1.81%	\$15,032,530.18	\$757.07
1/6/2005	0.00005121%	1.84%	\$14,904,979.91	\$763.26
1/7/2005	0.00004801%	1.73%	\$13,640,883.92	\$654.88
1/8/2005	0.00004801%	1.73%	\$13,641,538.80	\$654.91
1/9/2005	0.00004801%	1.73%	\$13,642,193.71	\$654.95
1/10/2005	0.00004516%	1.63%	\$11,638,768.27	\$525.67
1/11/2005	0.00004956%	1.78%	\$12,126,037.85	\$601.03
1/12/2005	0.00005201%	1.87%	\$14,991,374.17	\$779.70
1/13/2005	0.00005289%	1.90%	\$10,440,755.03	\$552.17
1/14/2005	0.00005487%	1.98%	\$17,038,714.57	\$934.87
1/15/2005	0.00005487%	1.98%	\$17,039,649.44	\$934.92
1/16/2005	0.00005487%	1.98%	\$17,040,584.36	\$934.97
1/17/2005	0.00005487%	1.98%	\$18,287,239.42	\$1,003.37
1/18/2005	0.00005339%	1.92%	\$18,670,577.24	\$996.76
1/19/2005	0.00005295%	1.91%	\$19,379,091.61	\$1,026.17
1/20/2005	0.00005455%	1.96%	\$20,934,758.04	\$1,141.94
1/21/2005	0.00005437%	1.96%	\$22,779,212.48	\$1,238.48
1/22/2005	0.00005437%	1.96%	\$22,780,450.96	\$1,238.55
1/23/2005	0.00005437%	1.96%	\$22,781,689.51	\$1,238.62
1/24/2005	0.00005377%	1.94%	\$22,094,730.35	\$1,188.04
1/25/2005	0.00005406%	1.95%	\$21,800,559.41	\$1,178.55
1/26/2005	0.00005391%	1.94%	\$23,724,509.69	\$1,279.10
1/27/2005	0.00005378%	1.94%	\$23,470,383.33	\$1,262.33
1/28/2005	0.00005487%	1.98%	\$26,581,375.95	\$1,458.58
1/29/2005	0.00005487%	1.98%	\$26,582,834.53	\$1,458.65
1/30/2005	0.00005487%	1.98%	\$26,584,293.18	\$1,458.73
1/31/2005	0.00005599%	2.02%	\$29,477,125.46	\$1,650.34
2/1/2005	0.00005650%	2.03%	\$28,717,484.59	\$1,622.48
2/2/2005	0.00005721%	2.06%	\$35,779,440.34	\$2,046.86
2/3/2005	0.00005790%	2.08%	\$33,992,430.30	\$1,968.32
2/4/2005	0.00005728%	2.06%	\$32,997,572.20	\$1,890.17
2/5/2005	0.00005728%	2.06%	\$32,999,462.37	\$1,890.28
2/6/2005	0.00005728%	2.06%	\$33,001,352.65	\$1,890.39
2/7/2005	0.00005741%	2.07%	\$32,047,202.62	\$1,839.78
2/8/2005	0.00005862%	2.11%	\$24,705,631.37	\$1,448.23
2/9/2005	0.00005882%	2.12%	\$25,293,140.94	\$1,487.68
2/10/2005	0.00005922%	2.13%	\$25,621,337.20	\$1,517.40
2/11/2005	0.00006167%	2.22%	\$22,066,232.42	\$1,360.92
2/12/2005	0.00006167%	2.22%	\$22,067,593.34	\$1,361.00

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2/13/2005	0.00006167%	2.22%	\$22,068,954.34	\$1,361.08
2/14/2005	0.00006225%	2.24%	\$21,768,669.85	\$1,355.17
2/15/2005	0.00005695%	2.05%	\$21,086,988.33	\$1,200.95
2/16/2005	0.00005781%	2.08%	\$27,017,638.63	\$1,562.00
2/17/2005	0.00005869%	2.11%	\$27,763,004.06	\$1,629.32
2/18/2005	0.00005769%	2.08%	\$28,676,818.49	\$1,654.50
2/19/2005	0.00005769%	2.08%	\$28,678,472.99	\$1,654.59
2/20/2005	0.00005769%	2.08%	\$28,680,127.58	\$1,654.69
2/21/2005	0.00005769%	2.08%	\$31,303,230.91	\$1,806.03
2/22/2005	0.00005969%	2.15%	\$29,019,942.91	\$1,732.34
2/23/2005	0.00005811%	2.09%	\$28,932,365.47	\$1,681.36
2/24/2005	0.00005825%	2.10%	\$29,535,081.68	\$1,720.56
2/25/2005	0.00005812%	2.09%	\$29,768,367.59	\$1,730.16
2/26/2005	0.00005812%	2.09%	\$29,770,097.75	\$1,730.26
2/27/2005	0.00005812%	2.09%	\$29,771,828.01	\$1,730.36
2/28/2005	0.00005774%	2.08%	\$29,651,817.37	\$1,712.08
3/1/2005	0.00005778%	2.08%	\$31,466,889.94	\$1,818.13
3/2/2005	0.00005868%	2.11%	\$33,560,365.31	\$1,969.38
3/3/2005	0.00005908%	2.13%	\$30,569,649.71	\$1,805.97
3/4/2005	0.00005910%	2.13%	\$31,268,963.53	\$1,847.90
3/5/2005	0.00005910%	2.13%	\$31,270,811.43	\$1,848.01
3/6/2005	0.00005910%	2.13%	\$31,272,659.44	\$1,848.13
3/7/2005	0.00006027%	2.17%	\$30,982,380.32	\$1,867.19
3/8/2005	0.00005944%	2.14%	\$23,254,376.00	\$1,382.29
3/9/2005	0.00005924%	2.13%	\$24,595,672.46	\$1,457.13
3/10/2005	0.00005978%	2.15%	\$24,807,258.09	\$1,483.00
3/11/2005	0.00006109%	2.20%	\$24,479,286.60	\$1,495.55
3/12/2005	0.00006109%	2.20%	\$24,480,782.15	\$1,495.65
3/13/2005	0.00006109%	2.20%	\$24,482,277.80	\$1,495.73
3/14/2005	0.00006197%	2.23%	\$18,853,335.15	\$1,168.25
3/15/2005	0.00006438%	2.32%	\$16,938,267.02	\$1,090.42
3/16/2005	0.00006601%	2.38%	\$27,740,811.00	\$1,831.28
3/17/2005	0.00006682%	2.41%	\$28,763,268.78	\$1,921.95
3/18/2005	0.00006722%	2.42%	\$26,780,806.50	\$1,800.16
3/19/2005	0.00006722%	2.42%	\$26,782,606.66	\$1,800.28
3/20/2005	0.00006722%	2.42%	\$26,784,406.94	\$1,800.41
3/21/2005	0.00006815%	2.45%	\$27,380,260.81	\$1,865.83
3/22/2005	0.00006796%	2.45%	\$27,065,892.96	\$1,839.41
3/23/2005	0.00006844%	2.46%	\$24,540,937.56	\$1,679.51
3/24/2005	0.00006844%	2.46%	\$23,898,678.54	\$1,635.55
3/25/2005	0.00006809%	2.45%	\$22,165,454.73	\$1,509.14
3/26/2005	0.00006809%	2.45%	\$22,166,963.87	\$1,509.24
3/27/2005	0.00006809%	2.45%	\$22,168,473.11	\$1,509.34
3/28/2005	0.00006996%	2.52%	\$29,259,472.96	\$2,046.89

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3/29/2005	0.00007022%	2.53%	\$31,296,798.69	\$2,197.60
3/30/2005	0.00008111%	2.92%	\$25,430,043.95	\$2,062.66
3/31/2005	0.00008222%	2.96%	\$24,734,460.69	\$2,033.72
4/1/2005	0.00008056%	2.90%	\$22,620,421.91	\$1,822.20
4/2/2005	0.00008056%	2.90%	\$22,622,244.11	\$1,822.34
4/3/2005	0.00008056%	2.90%	\$22,624,066.45	\$1,822.49
4/4/2005	0.00008056%	2.90%	\$23,206,782.39	\$1,869.43
4/5/2005	0.00008222%	2.96%	\$23,489,464.28	\$1,931.35
4/6/2005	0.00008167%	2.94%	\$23,799,035.17	\$1,943.59
4/7/2005	0.00008306%	2.99%	\$24,073,260.31	\$1,999.42
4/8/2005	0.00008111%	2.92%	\$17,653,297.39	\$1,431.87
4/9/2005	0.00008111%	2.92%	\$17,654,729.26	\$1,432.00
4/10/2005	0.00008111%	2.92%	\$17,656,161.26	\$1,432.11
4/11/2005	0.00008250%	2.97%	\$18,886,104.56	\$1,558.10
4/12/2005	0.00008417%	3.03%	\$17,354,755.41	\$1,460.69
4/13/2005	0.00008361%	3.01%	\$18,815,634.87	\$1,573.19
4/14/2005	0.00008361%	3.01%	\$21,286,802.31	\$1,779.82
4/20/2005	0.00008583%	3.09%	\$3,274,673.09	\$281.07
4/21/2005	0.00008611%	3.10%	\$6,557,737.92	\$564.69
4/22/2005	0.00008444%	3.04%	\$7,600,115.29	\$641.79
4/23/2005	0.00008444%	3.04%	\$7,600,757.08	\$641.84
4/24/2005	0.00008444%	3.04%	\$7,601,398.92	\$641.90
4/25/2005	0.00008556%	3.08%	\$7,505,310.83	\$642.12
4/26/2005	0.00008722%	3.14%	\$7,914,005.46	\$690.27
4/27/2005	0.00008639%	3.11%	\$7,596,770.59	\$656.28
4/28/2005	0.00008667%	3.12%	\$10,161,452.07	\$880.67
4/29/2005	0.00008833%	3.18%	\$9,941,314.52	\$878.16
4/30/2005	0.00008833%	3.18%	\$9,942,192.68	\$878.23
5/1/2005	0.00008833%	3.18%	\$9,943,070.91	\$878.31
5/2/2005	0.00008778%	3.16%	\$11,951,844.67	\$1,049.11
5/3/2005	0.00008778%	3.16%	\$14,496,665.34	\$1,272.49
5/4/2005	0.00008861%	3.19%	\$12,770,005.75	\$1,131.56
5/5/2005	0.00008861%	3.19%	\$12,869,541.58	\$1,140.38
5/6/2005	0.00008667%	3.12%	\$12,177,247.60	\$1,055.36
5/7/2005	0.00008667%	3.12%	\$12,178,302.96	\$1,055.45
5/8/2005	0.00008667%	3.12%	\$12,179,358.41	\$1,055.55
5/9/2005	0.00008750%	3.15%	\$3,278,982.48	\$286.91
5/10/2005	0.00008583%	3.09%	\$1,987,341.92	\$170.58
5/11/2005	0.00008722%	3.14%	\$3,009,269.56	\$262.47
5/12/2005	0.00008694%	3.13%	\$6,124,091.88	\$532.45
5/13/2005	0.00008611%	3.10%	\$6,682,699.03	\$575.46
5/14/2005	0.00008611%	3.10%	\$6,683,274.49	\$575.50
5/15/2005	0.00008611%	3.10%	\$6,683,849.99	\$575.55
5/16/2005	0.00008861%	3.19%	\$4,317,008.94	\$382.54

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5/17/2005	0.00008778%	3.16%	\$590,231.62	\$51.80
5/18/2005	0.00008806%	3.17%	\$2,355,523.57	\$207.41
5/19/2005	0.00008230%	2.96%	\$6,075,875.71	\$500.07
5/20/2005	0.00008861%	3.19%	\$7,479,904.12	\$662.80
5/21/2005	0.00008861%	3.19%	\$7,480,566.92	\$662.86
5/22/2005	0.00008861%	3.19%	\$7,481,229.78	\$662.92
5/23/2005	0.00008583%	3.09%	\$8,886,862.67	\$762.79
5/24/2005	0.00008861%	3.19%	\$8,007,723.49	\$709.57
5/25/2005	0.00008917%	3.21%	\$10,770,084.73	\$960.32
5/26/2005	0.00008861%	3.19%	\$10,138,495.82	\$898.39
5/27/2005	0.00008861%	3.19%	\$12,397,473.03	\$1,098.55
5/28/2005	0.00008861%	3.19%	\$12,398,571.58	\$1,098.65
5/29/2005	0.00008861%	3.19%	\$12,399,670.23	\$1,098.74
5/30/2005	0.00008861%	3.19%	\$12,400,768.97	\$1,098.85
5/31/2005	0.00008611%	3.10%	\$12,296,222.40	\$1,058.84
6/1/2005	0.00008972%	3.23%	\$11,217,832.70	\$1,006.49
6/2/2005	0.00008972%	3.23%	\$15,525,944.63	\$1,393.03
6/3/2005	0.00009056%	3.26%	\$14,781,907.11	\$1,338.58
6/4/2005	0.00009056%	3.26%	\$14,783,245.69	\$1,338.70
6/5/2005	0.00009056%	3.26%	\$14,784,584.39	\$1,338.82
6/6/2005	0.00009000%	3.24%	\$11,025,997.11	\$992.35
6/7/2005	0.00007433%	2.68%	\$11,277,418.58	\$838.25
6/8/2005	0.00008121%	2.92%	\$11,163,061.90	\$906.58
6/9/2005	0.00007306%	2.63%	\$5,160,527.89	\$377.03
6/10/2005	0.00007966%	2.87%	\$2,476,561.77	\$197.28
6/11/2005	0.00007966%	2.87%	\$2,476,759.05	\$197.31
6/12/2005	0.00007966%	2.87%	\$2,476,956.36	\$197.32
6/13/2005	0.00007966%	2.87%	\$6,444,443.39	\$513.34
6/14/2005	0.00008104%	2.92%	\$6,096,130.40	\$494.06
6/15/2005	0.00009083%	3.27%	\$7,069,460.12	\$642.14
6/16/2005	0.00009250%	3.33%	\$5,854,705.75	\$541.56
6/17/2005	0.00009111%	3.28%	\$6,884,219.98	\$627.23
6/18/2005	0.00009111%	3.28%	\$6,884,847.21	\$627.28
6/19/2005	0.00009111%	3.28%	\$6,885,474.49	\$627.34
6/20/2005	0.00009306%	3.35%	\$5,344,288.88	\$497.31
6/21/2005	0.00009222%	3.32%	\$7,606,404.31	\$701.48
6/22/2005	0.00009472%	3.41%	\$5,631,667.90	\$533.44
6/23/2005	0.00009472%	3.41%	\$8,265,410.13	\$782.93
6/24/2005	0.00009361%	3.37%	\$6,528,129.93	\$611.11
6/25/2005	0.00009361%	3.37%	\$6,528,741.04	\$611.17
6/26/2005	0.00009361%	3.37%	\$6,529,352.21	\$611.22
6/27/2005	0.00009333%	3.36%	\$6,698,759.16	\$625.21
6/28/2005	0.00009528%	3.43%	\$11,501,902.41	\$1,095.87
6/29/2005	0.00009472%	3.41%	\$13,489,841.04	\$1,277.79

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6/30/2005	0.00009278%	3.34%	\$12,646,962.08	\$1,173.36
7/1/2005	0.00009583%	3.45%	\$11,406,809.47	\$1,093.15
7/2/2005	0.00009583%	3.45%	\$11,407,902.62	\$1,093.26
7/3/2005	0.00009583%	3.45%	\$11,408,995.88	\$1,093.36
7/4/2005	0.00009583%	3.45%	\$11,410,089.24	\$1,093.46
7/5/2005	0.00009556%	3.44%	\$8,794,756.78	\$840.39
7/6/2005	0.00009556%	3.44%	\$3,840,991.94	\$367.02
7/7/2005	0.00009500%	3.42%	\$5,787,258.47	\$549.80
7/18/2005	0.00009500%	3.42%	\$737,067.93	\$70.02
7/29/2005	0.00009806%	3.53%	\$3,589,906.89	\$352.02
7/30/2005	0.00009806%	3.53%	\$3,590,258.91	\$352.05
7/31/2005	0.00009806%	3.53%	\$3,590,610.96	\$352.08
8/1/2005	0.00009778%	3.52%	\$2,985,609.78	\$291.93
8/2/2005	0.00010083%	3.63%	\$5,351,493.61	\$539.61
8/3/2005	0.00009972%	3.59%	\$6,679,484.00	\$666.09
8/4/2005	0.00010167%	3.66%	\$6,966,868.84	\$708.30
8/5/2005	0.00010028%	3.61%	\$2,652,671.80	\$266.01
8/6/2005	0.00010028%	3.61%	\$2,652,937.81	\$266.03
8/7/2005	0.00010028%	3.61%	\$2,653,203.84	\$266.06
8/26/2005	0.00010250%	3.69%	\$1,624,265.88	\$166.49
8/27/2005	0.00010250%	3.69%	\$1,624,432.37	\$166.50
8/28/2005	0.00010250%	3.69%	\$1,624,598.87	\$166.53
8/29/2005	0.00010222%	3.68%	\$3,923,150.04	\$401.03
8/30/2005	0.00010444%	3.76%	\$4,618,438.43	\$482.37
8/31/2005	0.00010472%	3.77%	\$13,325,305.77	\$1,395.46
9/1/2005	0.00010528%	3.79%	\$14,407,638.46	\$1,516.81
9/2/2005	0.00010361%	3.73%	\$19,334,629.19	\$2,003.27
9/3/2005	0.00010361%	3.73%	\$19,336,632.46	\$2,003.48
9/4/2005	0.00010361%	3.73%	\$19,338,635.94	\$2,003.69
9/5/2005	0.00010361%	3.73%	\$19,340,639.63	\$2,003.90
9/6/2005	0.00010472%	3.77%	\$14,072,107.69	\$1,473.65
9/7/2005	0.00010583%	3.81%	\$10,542,080.47	\$1,115.71
9/8/2005	0.00010528%	3.79%	\$12,172,844.50	\$1,281.52
9/9/2005	0.00010472%	3.77%	\$3,886,846.22	\$407.04
9/10/2005	0.00010472%	3.77%	\$3,887,253.26	\$407.09
9/11/2005	0.00010472%	3.77%	\$3,887,660.35	\$407.12
9/12/2005	0.00010500%	3.78%	\$3,249,637.98	\$341.21
9/16/2005	0.00010639%	3.83%	\$4,893,400.88	\$520.60
9/17/2005	0.00010639%	3.83%	\$4,893,921.48	\$520.66
9/18/2005	0.00010639%	3.83%	\$4,894,442.14	\$520.71
9/19/2005	0.00010694%	3.85%	\$3,715,906.46	\$397.40
9/20/2005	0.00010833%	3.90%	\$1,154,062.86	\$125.02
9/21/2005	0.00010833%	3.90%	\$1,607,527.52	\$174.15
9/22/2005	0.00010861%	3.91%	\$420,725.09	\$45.69

Kentucky Power Company
 Daily Short-term Investing Balances Outstanding
 June 2004 through November 2005

Date	Daily Rate	Annual Rate	KPco Consolidated Balance	KPco Consolidated Calculated Interest
9/23/2005	0.00010861%	3.91%	\$1,518,725.70	\$164.95
9/24/2005	0.00010861%	3.91%	\$1,518,890.65	\$164.97
9/25/2005	0.00010861%	3.91%	\$1,519,055.62	\$164.99
9/26/2005	0.00010861%	3.91%	\$1,623,287.40	\$176.31
9/27/2005	0.00010833%	3.90%	\$1,252,545.13	\$135.69
9/28/2005	0.00010889%	3.92%	\$1,076,564.65	\$117.22
9/29/2005	0.00010917%	3.93%	\$2,585,084.21	\$282.21
9/30/2005	0.00010861%	3.91%	\$9,641,092.31	\$1,047.13
10/1/2005	0.00010861%	3.91%	\$9,642,139.44	\$1,047.24
10/2/2005	0.00010861%	3.91%	\$9,643,186.68	\$1,047.36
10/3/2005	0.00011083%	3.99%	\$7,401,704.99	\$820.36
10/4/2005	0.00010889%	3.92%	\$12,371,912.59	\$1,347.17
10/5/2005	0.00010944%	3.94%	\$7,744,652.00	\$847.61
10/6/2005	0.00010889%	3.92%	\$5,616,930.73	\$611.62
10/7/2005	0.00011083%	3.99%	\$7,576,488.90	\$839.72
10/8/2005	0.00011083%	3.99%	\$7,577,328.62	\$839.82
10/9/2005	0.00011083%	3.99%	\$7,578,168.44	\$839.92
10/10/2005	0.00011083%	3.99%	\$7,579,008.36	\$840.01
10/11/2005	0.00010833%	3.90%	\$178,792.53	\$19.37
10/12/2005	0.00011083%	3.99%	\$2,208,385.09	\$244.77
10/14/2005	0.00011028%	3.97%	\$2,036,434.31	\$224.57
10/15/2005	0.00011028%	3.97%	\$2,036,658.88	\$224.60
10/16/2005	0.00011028%	3.97%	\$2,036,883.48	\$224.63
10/17/2005	0.00011056%	3.98%	\$2,287,964.04	\$252.95
10/18/2005	0.00011278%	4.06%	\$1,643,361.74	\$185.34
10/19/2005	0.00011278%	4.06%	\$2,951,485.06	\$332.86
10/21/2005	0.00010384%	3.74%	\$7,063,452.22	\$733.44
10/22/2005	0.00010384%	3.74%	\$7,064,185.66	\$733.52
10/23/2005	0.00010384%	3.74%	\$7,064,919.18	\$733.58
10/24/2005	0.00010401%	3.74%	\$7,482,427.20	\$778.26
10/25/2005	0.00010466%	3.77%	\$6,926,495.47	\$724.91
10/26/2005	0.00010466%	3.77%	\$9,596,519.67	\$1,004.35
10/27/2005	0.00010725%	3.86%	\$12,529,310.58	\$1,343.79
10/28/2005	0.00010933%	3.94%	\$13,749,705.53	\$1,503.19
10/29/2005	0.00010933%	3.94%	\$13,751,208.72	\$1,503.36
10/30/2005	0.00010933%	3.94%	\$13,752,712.08	\$1,503.52
10/31/2005	0.00011417%	4.11%	\$13,012,801.18	\$1,485.63
11/1/2005	0.00011528%	4.15%	\$11,017,545.98	\$1,270.08
11/2/2005	0.00011444%	4.12%	\$15,961,940.20	\$1,826.76
11/3/2005	0.00011667%	4.20%	\$11,815,840.68	\$1,378.52
11/4/2005	0.00011500%	4.14%	\$11,344,866.56	\$1,304.67
11/5/2005	0.00011500%	4.14%	\$11,346,171.23	\$1,304.82
11/6/2005	0.00011500%	4.14%	\$11,347,476.05	\$1,304.96
11/7/2005	0.00011361%	4.09%	\$9,985,560.77	\$1,134.47

Kentucky Power Company
 Daily Short-term Investing Balances Outstanding
 June 2004 through November 2005

Date	Daily Rate	Annual Rate	KPco Consolidated Balance	KPco Consolidated Calculated Interest
11/8/2005	0.00011583%	4.17%	\$4,319,125.07	\$500.30
11/9/2005	0.00011528%	4.15%	\$1,836,128.66	\$211.66
11/10/2005	0.00011444%	4.12%	\$3,094,790.34	\$354.18
11/11/2005	0.00011444%	4.12%	\$4,365,124.03	\$499.57
11/12/2005	0.00011444%	4.12%	\$4,365,623.60	\$499.62
11/13/2005	0.00011444%	4.12%	\$4,366,123.22	\$499.69
11/14/2005	0.00011500%	4.14%	\$4,014,992.18	\$461.73
11/15/2005	0.00011528%	4.15%	\$4,467,925.11	\$515.06
11/16/2005	0.00007788%	2.80%	\$425,433.09	\$33.14
11/18/2005	0.00009064%	3.26%	\$798,420.59	\$72.36
11/19/2005	0.00009064%	3.26%	\$798,492.95	\$72.37
11/20/2005	0.00009064%	3.26%	\$798,565.32	\$72.38
11/21/2005	0.00009925%	3.57%	\$1,825,666.86	\$181.20
11/22/2005	0.00010031%	3.61%	\$1,931,473.57	\$193.75
11/23/2005	0.00011014%	3.96%	\$2,107,208.13	\$232.07
11/24/2005	0.00011014%	3.96%	\$2,107,440.20	\$232.11
11/25/2005	0.00011861%	4.27%	\$1,778,277.05	\$210.92
11/26/2005	0.00011861%	4.27%	\$1,778,487.97	\$210.95
11/27/2005	0.00011861%	4.27%	\$1,778,698.92	\$210.97
11/28/2005	0.00011806%	4.25%	\$2,199,309.10	\$259.64
11/29/2005	0.00011833%	4.26%	\$4,551,500.98	\$538.60
11/30/2005	0.00011917%	4.29%	\$5,983,182.06	\$713.00

Kentucky Power Company
Average Interest Earned from Short-term Investments per Month
June 2004 through November 2005

Average Cost of Debt per Month	
<u>June-04</u>	0.1419%
<u>July-04</u>	0.1199%
<u>August-04</u>	0.1096%
<u>September-04</u>	0.1229%
<u>October-04</u>	0.1373%
<u>November-04</u>	0.1560%
<u>December-04</u>	0.1761%
<u>January-05</u>	0.1610%
<u>February-05</u>	0.1754%
<u>March-05</u>	0.1951%
<u>April-05</u>	0.2513%
<u>May-05</u>	0.2625%
<u>June-05</u>	0.2658%
<u>July-05</u>	0.2887%
<u>August-05</u>	0.3046%
<u>September-05</u>	0.3195%
<u>October-05</u>	0.3268%
<u>November-05</u>	0.3316%

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 1-51. Please identify each Kentucky Power Company proceeding wherein the Kentucky Commission adopted or utilized SFAS 106 for ratemaking purposes. Cite the Case No. and relevant pages of that order. If none, then please explain the reference in the response to Staff 1-51 to the phrase "For ratemaking purposes."

RESPONSE

There are no Kentucky Power Company proceedings wherein the Kentucky Commission adopted or utilized SFAS 106 for ratemaking purposes since this is the first proceeding subsequent to the Kentucky Commission's generic order adopting accrual accounting in accordance with SFAS 106 for ratemaking purposes. The reference in the response to Staff 1-51 to the phrase "For ratemaking purposes" simply means that in the current proceeding, Kentucky Power made an adjustment to the test year per books expense for postretirement benefits other than pensions to reflect the amounts from the latest actuarial report as the appropriate level of expense to be included in rates.

WITNESS – Errol K. Wagner

Kentucky Power Company

REQUEST

Please provide a five year history of Kentucky jurisdictional uncollectible accounts expense in dollars and as a percentage of Kentucky jurisdictional total revenues. In addition, please indicate whether the Company's uncollectible accounts expense is the net writeoff amount or is an accrual expense amount.

RESPONSE

See below for the 5 year history of Kentucky jurisdictional uncollectible accounts expense in dollars and as a percentage of Kentucky jurisdictional total revenues.

Factoring - Bad Debt Expense - Account 4265010

06/16/2000 - 12/31/2000	833,142.21
01/01/2001 - 12/31/2001	1,146,638.46
01/01/2002 - 12/31/2002	1,799,612.60
01/01/2003 - 12/31/2003	1,628,516.14
01/01/2004 - 12/31/2004	1,780,197.55

Jurisdictional Total Revenues

06/16/2000 - 12/31/2000	165,809,629.72
01/01/2001 - 12/31/2001	265,523,867.59
01/01/2002 - 12/31/2002	282,355,669.66
01/01/2003 - 12/31/2003	284,398,078.11
01/01/2004 - 12/31/2004	315,342,538.42

Bad Debt as Percentage of Kentucky Jurisdictional Revenues

06/16/2000 - 12/31/2000	0.50%
01/01/2001 - 12/31/2001	0.43%
01/01/2002 - 12/31/2002	0.64%
01/01/2003 - 12/31/2003	0.57%
01/01/2004 - 12/31/2004	0.56%

The Company's uncollectible accounts expense is neither the writeoff amount or an accrual expense amount. The A/R is bought by AEP Credit from Kentucky Power with a discount for estimated bad debts (based on a rolling twelve month history of bad debts to revenues). The discount is booked as bad debt expense on Kentucky Power's books and ends up in the allowance for bad debt account on AEP Credit's books. As charge offs are reported to AEP Credit (since AEP Credit now owns the A/R), the charge offs and recoveries are reflected on the allowance for bad debt account on AEP Credit's books and not Kentucky Power's.

WITNESS – Errol K. Wagner

Kentucky Power Company

REQUEST

Please provide a five-year history of the Company's Kentucky jurisdictional uncollectible accounts expense and balance sheet reserve account showing beginning balance, expense, write-offs, recoveries, and ending balance.

RESPONSE

Beginning Balance on 06/16/2000	325,031.00
+ Bad Debt Discount to KP	494,707.44
- Charge Offs	844,031.01
+ Reinstatements	173,842.37
Ending Balance on 12/31/2000	149,549.80
+ Bad Debt Discount to KP	1,119,718.49
- Charge Offs	1,776,067.96
+ Reinstatements	430,069.36
Ending Balance on 12/31/2001	-76,730.31
+ Bad Debt Discount to KP	1,767,606.53
- Charge Offs	2,395,054.18
+ Reinstatements	794,749.70
Ending Balance on 12/31/2002	90,571.74
+ Bad Debt Discount to KP	1,596,402.99
- Charge Offs	2,221,464.19
+ Reinstatements	615,807.14
Ending Balance on 12/31/2003	81,317.68
+ Bad Debt Discount to KP	1,747,770.61
- Charge Offs	2,033,066.08
+ Reinstatements	411,735.57
Ending Balance on 12/31/2004	207,757.78

The A/R is bought by AEP Credit from Kentucky Power with a discount for estimated bad debts (based on a rolling twelve month history of bad debts to revenues). The discount is booked as bad debt expense on Kentucky Power's books and ends up in the allowance for bad debt account on AEP Credit's books. As charge offs are reported to AEP Credit (since AEP Credit now owns the A/R), the charge offs and recoveries are reflected in the allowance for bad debt account on AEP Credit's books and not Kentucky Power's.

WITNESS – Errol K. Wagner

Kentucky Power Company

REQUEST

Refer to Section V Workpaper S-3 of the company's filing. Please provide a copy of all studies or analyses which demonstrate that the Global Note to Parent, which carries a 6.50% interest rate, was the lowest cost debt financing option available to the Company at that time.

RESPONSE

Please see Page 2 of 9 of Response to AG 1st Set Data Requests, Item 208.

WITNESS – Errol K. Wagner

Kentucky Power Company

REQUEST

Refer to Section V Workpaper S-3 of the Company's filing. Please explain why the Company did not refinance or could not have refinanced the Global Note to Parent, which carries a 6.50% rate, at a lower interest rate. Provide a copy of all studies or analyses that demonstrate that the Company could not have refinanced at a lower interest rate.

RESPONSE

The callability of the 6.501% AEP Note is a preferential term that is not normally available in senior notes without paying a call premium. The Company's intent was to only exercise that option under special circumstances, such as were in effect when Kentucky Power had available cash on hand in April 2005 and redeemed \$20 million of the Notes. No studies or analyses are on hand regarding the refinancing the AEP Notes.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Refer to the Company's response to AG 1-29(b). Please provide the information requested by incentive program.

RESPONSE

Please refer to our response to AG 2nd Set, Item No. 10.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to Section V Workpaper S-10 page 2B of 3, line 89 Manufacturing Deduction. Please provide the workpaper support for the amounts per financials, including all detail of the actual computations, including each component of the computations, the application of any limitations, and the allocation or assignment to the Company (in the event the computations were performed on a consolidated basis). Provide all assumptions, data, and computations that were utilized in detail sufficient to replicate the Company's interpretation and application of §199.

RESPONSE

Please see attached.

WITNESS: Jeffrey Bartsch